



# Iowa State Legislature Distillers Committee

*September 13, 2007*

The power of partnership™



At **VeraSun**, our mission is to be a leading producer of renewable fuels for the benefit of shareholders, community and country.

[www.verasun.com](http://www.verasun.com)

 **VeraSun** ENERGY  
America's Source for Renewable Fuels™



## CORPORATE VALUES

**Commitment to Safety:** We will build and maintain a safe workplace and give the highest priority to protecting our employees, contractors and communities.

**Integrity:** We will conduct ourselves and our business to reflect the highest ethical standards.

**Teamwork:** We will foster a teamwork environment while never losing sight of individual contributions.

**Responsibility:** We will fulfill our duties and commitments to our customers, employees, community, and the environment.

**Leadership:** We will take a leadership position to promote positive growth and development of the industry.

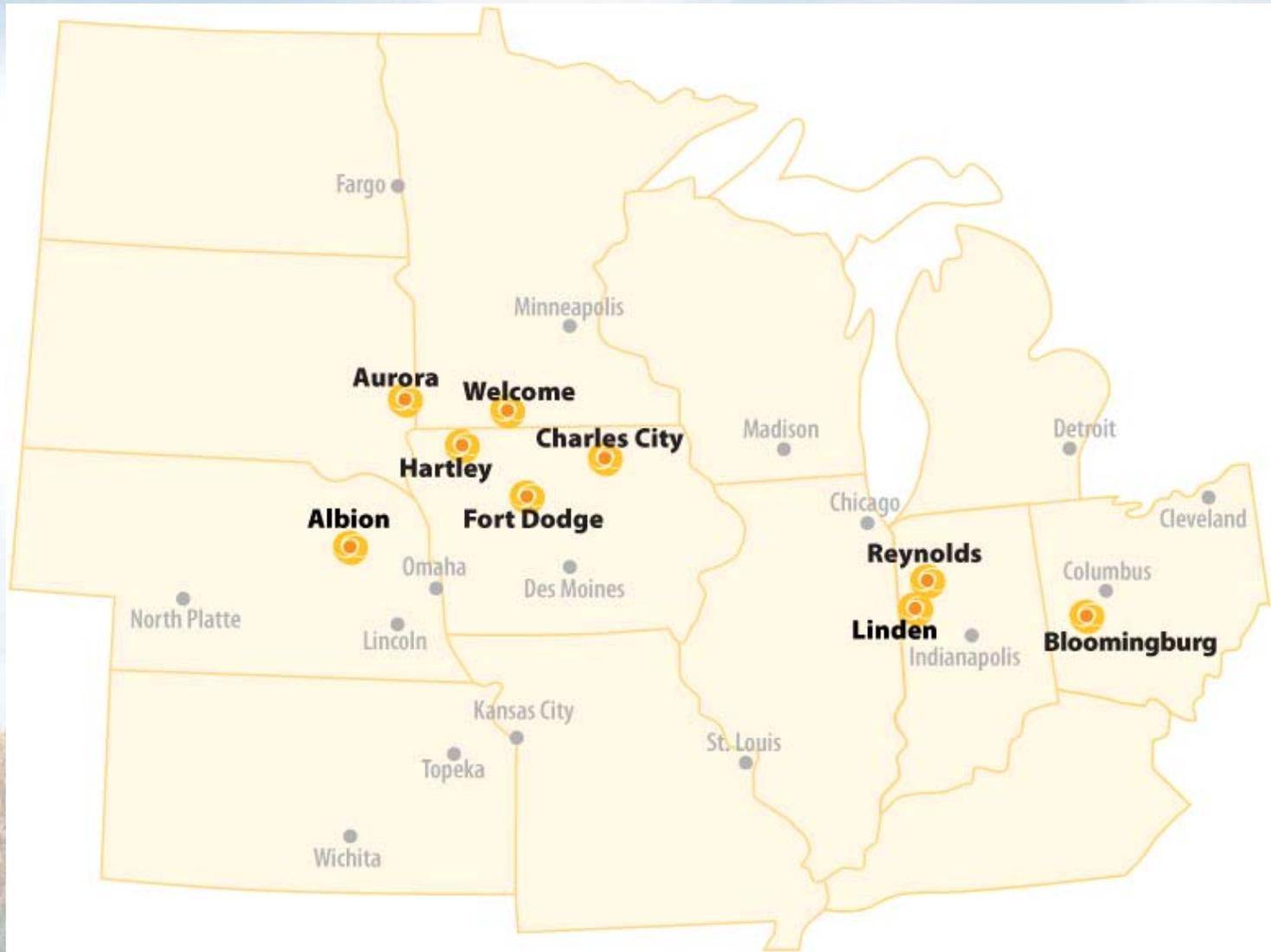
**Passion to Succeed:** We will instill a "can do" attitude among our employees, challenging them to achieve uncommon results.

# VeraSun Background

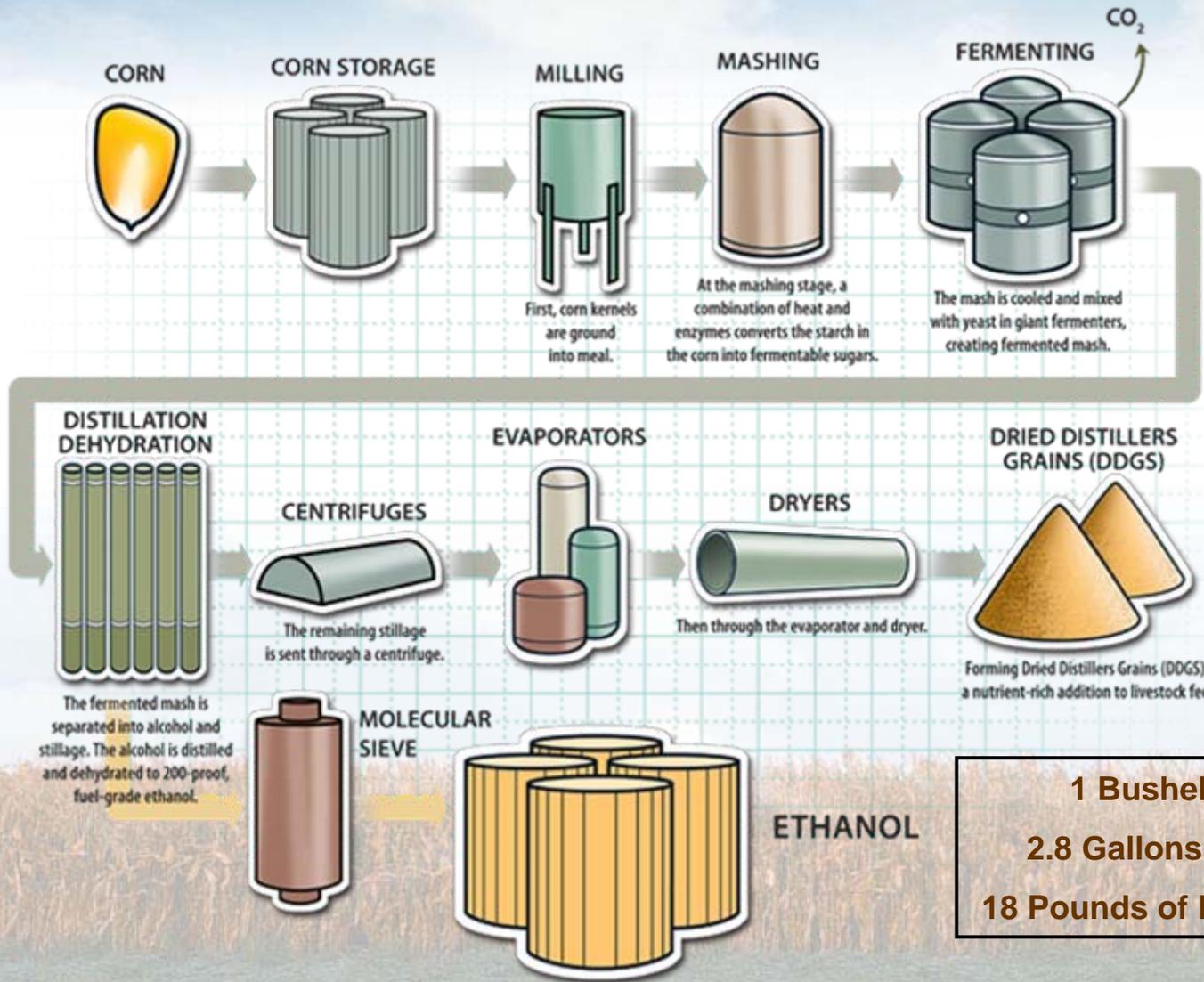
- **Founded in Brookings, SD in 2001**
- **Publicly-traded company, listed on the New York Stock Exchange under the symbol VSE**
- **1 BGY of production when new plants come online by end of 2008**



# VeraSun Production Facilities



# The VeraSun Production Process



**1 Bushel of Corn =  
2.8 Gallons of Ethanol &  
18 Pounds of Distillers Grains**

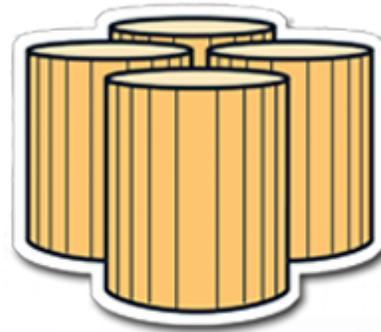
# Products

110 Million Gallon-Per-Year Facility



## CORN

- 39 Million Bushels of Corn Delivered Annually
- Approximately 110,000 bushels of corn ground daily
- Almost 40,000 truck deliveries of locally-grown corn annually



## ETHANOL

- Shipped by unit train
- Each rail car holds approximately 29,000 gallons of ethanol
- A unit train can be anywhere from 80 cars to more than 100 cars long



## DISTILLERS GRAINS

- 1,000 tons of DDGS and 250 tons WDGS produced daily
- 350,000 tons of DDGS produce annually



## Distillers Grains

- Co-product of ethanol production
- Non-fermentable component of the corn kernel (protein, fat, fiber)
- High energy, high protein digestible feedstuff
- Inclusions vary per species
- Available as dry (DDGS) and modified (MDGS)

# DDGS Benefits

- **Stable** – Shelf life allows for storage
- **Versatile** – Useful for both ruminant and non-ruminant species
- **Economical** – Competitively priced to other protein and energy sources.
- **Delivered or FOB Plant**



# DDGS Guaranteed Analysis (DM)

- Minimum Crude Protein – 26%
- Minimum Crude Fat – 8%
- Maximum Crude Fiber – 15%
- Maximum Ash – 8%
- Maximum Sulfur – 1%



# DDGS Logistics

- DDGS are available by truck or rail
- Expect to ship 60 rail cars of DDGS per plant every week
- Contracts
  - Monthly
  - Spot
  - Fixed pricing or possibly basis pricing



# MDGS Benefits

- **Conditions Feed Ration** – Mixes well and binds other ingredients while improving overall palatability
- **Adjusts Ration Moisture** – To improve digestion and increase total intake
- **Higher Oil Content** – Increases energy concentration/density



# MDGS Guaranteed Analysis (DM)

- Minimum Crude Protein – 10%
- Minimum Crude Fat – 6%
- Maximum Crude Fiber – 5%
- Maximum Ash – 4%
- Maximum Sulfur – .5%



# MDGS Logistics

- MDGS are available locally within 150 miles of the production facility
- Contracts
  - Monthly
  - Spot
  - Fixed pricing or possibly basis pricing



# Quality Assurance

- Testing of both MDGS and DDGS
  - Test weekly for Protein, Fat, Fiber, and Moisture
  - Test once a month for AA, Trace Minerals, and Toxins
- Tests performed by one laboratory for all VeraSun Sites to ensure consistency
- In-house moisture testing is performed several times a day to limit variability
- Retain samples are pulled from each truckload or railcar for future reference

# VeraSun Announced Innovative Process for Biodiesel Production

- Oil extracted from distillers grains for biodiesel production
- Allows the creation of two biofuels from the same feedstock
- Removing the oil also enhances the resulting distillers grains as a livestock feed by concentrating protein and reducing fat content



# Opportunities for Producers

- Significant advantage to producers close to plants
  - Freight advantage
- Allows producers to utilize a valuable feed at a reasonable price
  - Assume 105-125% feed value of corn
  - Often priced at a lower than corn cost
    - Industry competition
    - Market demand

# Challenges Facing the Industry

- Lack of standardized testing of Distillers Products
  - Numerous tests
  - Lack of continuity
- Sulfur
  - Negative perception industry wide
  - Not all companies have excessive levels
  - Lack of consumer knowledge

# Feed Information

Please visit  
[www.verasun.com](http://www.verasun.com)  
for all of the  
contact information

VeraSun Energy: America's Source for Renewable Fuels - Microsoft Internet Explorer

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ABOUT FACILITIES FUEL FEED INVESTORS

**welcome**

**VeraSun ENERGY**

At VeraSun Energy, we are focused on creating a future that includes renewable energy. Our nation's growing dependence on fossil fuels and the impact of our consumption have never been more apparent than they are today. We believe there is a better way—renewable fuels.

**PRESS ROOM**

- » VeraSun Energy to Promote VE85™ Thursday at Joliet Gas City Location
- » VeraSun Energy to Present at Lehman Brothers CEO Energy/Power Conference

**FACILITIES: CORN & FEED**

**AURORA, SD**

- » Daily Corn Bids
- » Corn Procurement Policy
- » Discount Schedule

**CAREERS: FIELDS OF OPPORTUNITY**

Together, we can drive the future of renewable fuels. Explore dynamic career opportunities here.

**VE85.COM: 85% ETHANOL FOR FFVS**

You can make a greener difference simply by the way you fuel your vehicle.

**CHARLES CITY: GRAND OPENING**

It was a beautiful summer afternoon as VeraSun Charles City celebrated the grand opening of its

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**Thank You**  
**Questions?**